Draft Internet Corporation for Assigned Names and Numbers (ICANN) FY25 Budget

December 2023

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1 Introduction

This document contains the Draft Internet Corporation for Assigned Names and Numbers (ICANN) Fiscal Year 2025 (FY25) Budget. ICANN's FY25 comprises the following dates:

> 1 July 2024 – 30 June 2025

The Draft ICANN FY25 Budget includes a detailed overview of ICANN's financial plan for FY25. For operating plans and five-year financial projections, please see the Draft ICANN FY25-29 Operating and Financial Plan and FY25 Operating Plan.

Community Input into ICANN's Planning Processes
Enabling stakeholder engagement in ICANN's planning process, through accessible information and effective interaction, is a fundamental part of ICANN's multistakeholder model. Publishing the Draft ICANN FY25 Budget for Public Comment is a key element of transparency and community engagement in ICANN's planning process.

ICANN welcomes and recognizes the past, present, and future engagement of all stakeholders into ICANN's planning process, whether it is relative to the Strategic Plan, Operating Plan, Budget, or ongoing operational and financial updates.

The Draft ICANN FY25 Budget includes financial overviews of the following:
- Total ICANN
- ICANN Operations (including IANA)
- New Generic Top-Level Domain (gTLD) Program (2012 Round and Next Round)
- Grant Program
- Reviews Implementation Prioritization
- Reserve Fund

Monetary figures shown in the document are in millions of United States Dollars (USD), unless stated otherwise. Any arithmetic inconsistencies are due to rounding. Where relevant, comparative information pertaining to FY24 is provided.

IANA Operations

The Draft Internet Assigned Numbers Authority (IANA) FY25 Operating Plan and Budget is posted for Public Comment concurrently with the Draft ICANN FY25 Operating Plan and Budget. All documents will be considered for adoption by the ICANN Board in April 2024.

IANA Operations are part of ICANN Operations and are documented in the Draft ICANN FY25 Operating Plan.

Background Information

During FY23, ICANN organization (org) returned to offices and full travel after limited travel due to the COVID-19 pandemic. A full travel schedule is planned in FY24, and ICANN org expects a regular travel schedule to continue in FY25.

Although inflation has moderated, it remains higher than rates targeted by many central banks. The World Bank, in its June 2023 publication on global economic prospects, suggests that economic growth in the second half of calendar 2023 and in 2024 will be weaker than the growth of 2022, and that there is significant downside risk associated with monetary policy designed to slow inflation. Additional risk exists within the banking sector and from other geopolitical shocks. These economic conditions have been factored into the ICANN Operating Plan and Budget, resulting in a slightly negative impact to ICANN's funding and expenses.

Conservatively, funding is projected to remain flat in FY25 followed by gradual increases as the global economy improves. ICANN faces inflationary pressures in the form of rising costs but expects to reprioritize its costs and activities so that spend remains within available funding. ICANN org will continue to carefully manage expenses and apply caution when evaluating new and backfill resources, the use of contractors or temporary staff, and other costs such as meetings, travel, and external vendors. Inflation and the current economic challenges have been reflected in the plans, which ICANN org believes are conservative and achievable based on the projected level of funding.

ICANN's role remains crucial to maintain the security, stability, and resiliency of the unique identifiers system. ICANN plans are conservative and achievable, and the org can reprioritize activities and reevaluate expenses throughout the fiscal year if necessary. Organizational activities will continue to be carried out under principles of best value, prudence, and with heightened attention to necessity.

2 Planning and Budget Overview

The following illustration depicts the five-year planning cycle for FY25-29. The planning process consists of the ICANN Strategic Plan for FY21-25 and the FY25-29 Operating and Financial Plan, which provide input and a basis for the FY25 Operating Plan and Budget. The process includes consultation and development of the FY25 IANA Operating Plan and Budget, which feeds into the total FY25 ICANN Operating Plan and Budget.

3 Total ICANN

This section provides an overview of expected Total ICANN funding, expenses, resources, and funds under management.

3.1 Financial Overview

Total ICANN Financials In Millions, US dollars	For the Twelve Months Ending 30 Jun 2025					
	ICANN Operations	New gTLD Program	SFICR Projects	Grant Program	Reserve Fund	Total
Funds Under Management - 30 Jun 2024	**$37**	**$47**	**$24**	**$217**	**$172**	**$497**
Funding	148	-	-	-	-	148
Personnel	(90)	(13)	(1)	(1)	-	(105)
Travel & Meetings	(13)	(1)	(0)	(0)	-	(14)
Professional Services	(29)	(15)	(1)	(1)	-	(46)
Administration	(19)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Cost Savings Initiatives	5	-	-	-	-	5
Total Expenses	(148)	(30)	(2)	(2)	-	(182)
Projected Transfers	-	18	(18)	-	-	-
Projected Grants Distributed	-	-	-	(10)	-	(10)
Investment Income/(Decline)	0.4	0.4	0.0	2.1	1.7	5.0
Funds Under Management - 30 Jun 2025	**$37**	**$36**	**$4**	**$208**	**$173**	**$458**
Average FTEs	**407**	**46**	**4**	**4**	**-**	**460**
End of Period FTEs	**408**	**45**	**4**	**4**	**-**	**460**

Please note the following about the table above:
- ICANN Operations includes the day-to-day funding and expenses and is funded by the Operating Fund.
- New gTLD Program includes work on the New gTLD Program: 2012 Round and New gTLD Program: Next Round.
- Supplemental Fund for Implementation of Community Recommendations (SFICR) Projects currently consist of the implementation of prioritized Specific Review recommendations.
- Grant Program is funded by Auction Proceeds.
- All funds assume modest investment gains.
- Full-Time Equivalents (FTEs) are defined in the Glossary.

The table above starts with funds under management and the estimated beginning balance of each segment's fund as of 30 June 2024, which is the end of FY24. The following lines of the table show the expected funding and expenses of each segment as it relates to activities in FY25. Operating Fund transfers to other ICANN Funds resulting from excess in the Operating Fund are not budgeted and will be recommended for Board approval after FY24 concludes. ICANN is now investing most of its funds under management and has forecasted a positive return for each Fund depending on its investment criteria. Following these activities, the projected ending balance of each fund is shown as of 30 June 2025, which is the end of FY25.

Please see below for additional details regarding each segment and its corresponding fund.

ICANN Operations
- Funding is $148 million, which reflects historical data from the past few years as well as negative impacts resulting from recent economic conditions.
- Expenses are $148 million, balanced to ICANN Operations funding.
  - Personnel expense reflects an average headcount of 407 in ICANN Operations.
  - Travel and meeting expense assumes three ICANN Public Meetings.
  - Total expenses include contingency.

New gTLD Program
- Expenses are $30 million.
  - $4 million is related to the New gTLD Program: 2012 Round, including direct expenses and allocations from ICANN Operations.

o $26 million is related to New gTLD Program: Next Round implementation, including direct expenses and allocations from ICANN Operations.
  ▪ Assumes a $18 million transfer from the SFICR; this next tranche requires Board approval as part of the New gTLD Program: Next Round's implementation plan.
  ▪ Remaining $8 million will be covered by the New gTLD Fund.

SFICR Projects
- Beginning balance is $24 million (see Appendix for FY24 Forecast activity in the SFICR).
- In FY25, prioritized Review implementation expenses are $2 million, including direct expenses and allocations from ICANN Operations.
- Assumes a $18 million transfer to the New gTLD Program: Next Round (requires Board approval).

Grant Program
- Beginning balance is $217 million, following grant program activities expected to take place in FY24 costing $2 million.
- Grant program expenses are $2 million, including direct expenses and allocations from ICANN Operations.
- Assumes $10 million of grants will be distributed in FY25.

Reserve Fund
- Beginning balance is $172 million.
- Ending balance is estimated at $173 million, which is above the 12-month minimum set by the Reserve Fund replenishment strategy approved by the Board in October 2018.

(See Appendix for financial information regarding FY24)

3.2 Average FTEs

The following chart shows the average number of Full-Time Equivalents (FTEs) working under each segment of Total ICANN. FTEs consist of direct staff and staff allocations from ICANN Operations. New gTLD Program FTEs reflect the resources needed for the implementation of the next round of new gTLDs. The Grant Program and prioritized Review Implementation both began in FY23 and efforts will continue in FY24 and FY25. The development of the RDRS system began in FY23 and ended in FY24.
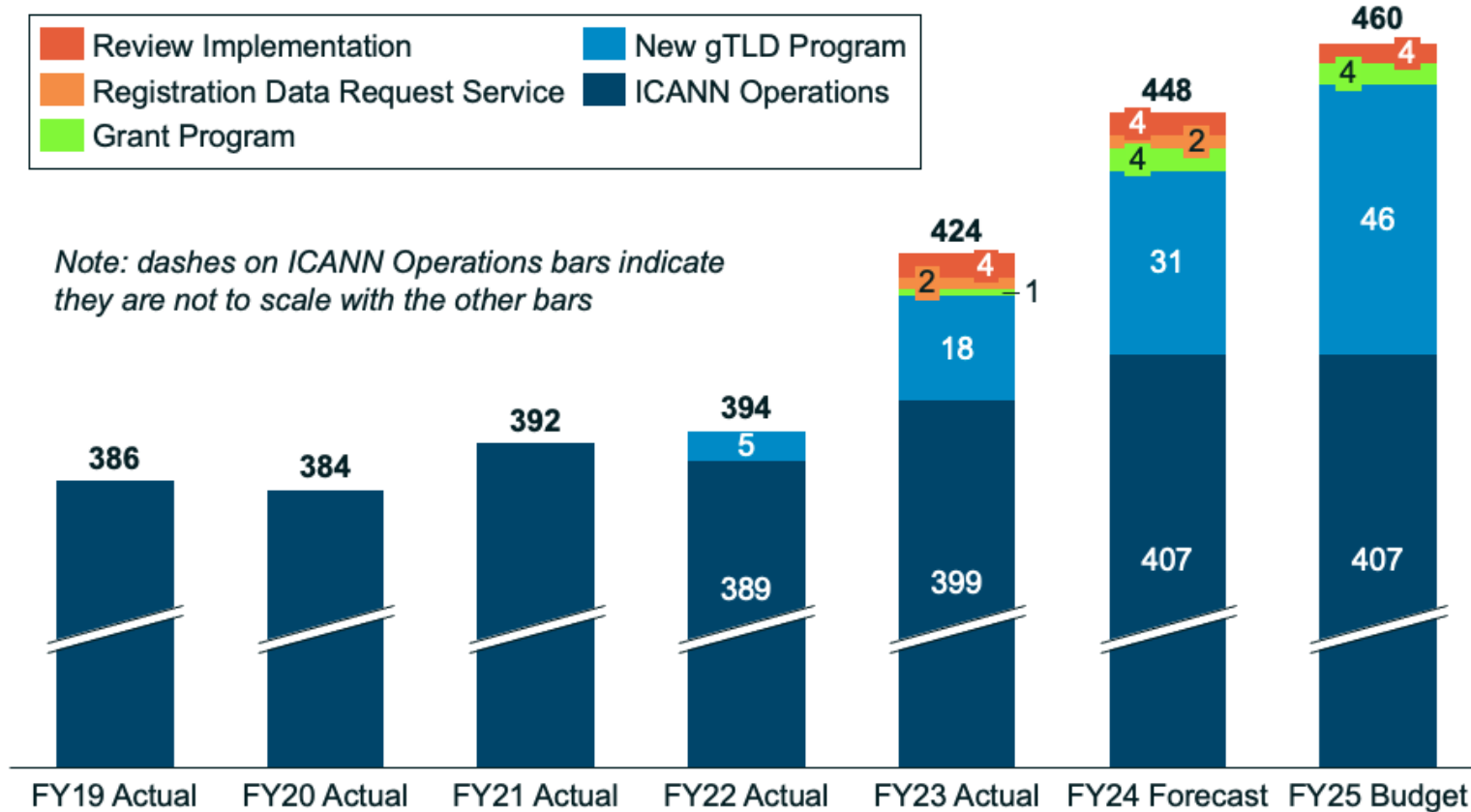
3.3 Funds Under Management

ICANN manages five funds. The chart below shows the expected balance of each fund on 30 June of each fiscal year listed.

Legend:
- Operating Fund
- New gTLD Fund
- SFICR
- Reserve Fund
- Auction Proceeds

$ in Millions
Balance on 30 June of each fiscal year

FY23 Total Funds Under Management: **$518M**

FY24 Total Funds Under Management: **$497M**

FY25 Total Funds Under Management: **$458M**

FY23 Actual
- Operating Fund: 56
- New gTLD Fund: 55
- SFICR: 19
- Reserve Fund: 170
- Auction Proceeds: 217

FY24 Forecast
- Operating Fund: 37
- New gTLD Fund: 47
- SFICR: 24
- Reserve Fund: 172
- Auction Proceeds: 217

FY25 Budget
- Operating Fund: 37
- New gTLD Fund: 36
- SFICR: 4
- Reserve Fund: 173
- Auction Proceeds: 208

The Operating Fund covers day-to-day operations. The SFICR was created to establish segregated resources to increase the capacity of the organization to address projects that are multi-year and focus on community recommendations (for policies or resulting from reviews and cross-community working groups) that are approved by the Board, but do not fit within an annual Budget. The Reserve Fund is ICANN's funding of last resort to cover large expenses from unavoidable, unpredictable, or unplanned events (see Reserve Fund section). All three funds are governed in accordance with the ICANN Investment Policy.

The New gTLD Fund corresponds to the unspent portion of the New gTLD Program: 2012 Round application fees collected from applicants during the application window in 2012. The funds are used to evaluate the applications and to cover hard-to-predict cost (including contingency), and starting in FY22, to cover the New gTLD Program: Next Round (see New gTLD Program: Next Round section). Auction Proceeds come from ICANN auctions held to resolve string contention in the New gTLD Program: 2012 Round. The Auction Proceeds will be used to cover the ICANN Grant Program (see Grant Program section). Both funds are governed in accordance with the New gTLD and Auction Proceeds Investment Policy.

ICANN org projects to have sufficient cash on hand in the Operating Fund through FY25 despite economic uncertainty.

4 ICANN Operations

This section provides an overview of ICANN Operations funding and expenses, which are a part of Total ICANN.

4.1 FY25 Budget versus FY24 Forecast

In Millions, USD	FY25 Budget ICANN Operations	FY24 Forecast ICANN Operations	Favorable/(Unfavorable) vs. FY24 Forecast	
			$	%
Funding	**$148**	**$148**	**($0)**	**0%**
Personnel	$90	$86	($4)	-5%
Travel & Meetings	$13	$17	$3	20%
Professional Services	$24	$26	$2	7%
Administration	$19	$19	($0)	-1%
Capital	$1	$1	$0	2%
Contingency [(1)]	$5	$5	$0	0%
Cost Savings Initiatives	($5)	($6)	($1)	18%
Total Operating Expenses	**$148**	**$148**	**$0**	**0%**
Net Operating Excess/(Deficit)	**$0**	**$0**	**$0**	**0%**
Average FTEs	**407**	**407**	**(1)**	**0%**
End of Period FTEs	**408**	**410**	**2**	**0%**

[(1)] Contingency represents an amount of budgeted expenses unallocated to specific activities or functions

The table to the left compares ICANN Operations financials from the FY25 Budget to the FY24 Forecast financials. The FY24 Forecast is based on four months of actual data and eight months of estimates.

Compared to the FY24 Forecast funding, the FY25 Budget funding is flat as unfavorable economic trends result in no funding growth. The FY25 Budget expenses are also flat to FY24 Forecast expenses with inflationary Personnel increases offset by efficiencies in Travel & Meetings and Professional Services.

4.2 Funding

As done in prior years, ICANN org has developed three scenarios to estimate funding. The "Medium" scenario is reflected in the FY25 Budget figures. In addition, ICANN org developed "High" and "Low" scenario estimates to consider alternate values for assumptions that have a financial impact on ICANN's funding, thereby providing upper and lower bound values in its projections. While ICANN org does not rely on these two scenarios to plan its operations, "High" and "Low" scenarios are helpful in developing alternate plans that address the possibility that such scenarios are realized.

The table below is an overview of ICANN's funding, using assumptions that support the latest FY25 projections. The information in the "Medium Estimate" column corresponds to the FY25 funding included throughout the FY25 Budget. References to growth and declines are in comparison with the FY24 Forecast.

|	Funding Type	Medium Estimate	High Estimate	Low Estimate
Legacy TLDs	Transaction-based Fees	0% growth	8% growth	(12%) decline
New TLDs	Fixed Fees	Decrease of 22 TLDs, starting FY25 with 1,118 and ending with 1,096	Decrease of 14 TLDs, starting FY25 with 1,118 and ending with 1,104	Decrease of 31 TLDs, starting FY25 with 1,118 and ending with 1,087
	Transaction-based Fees	2% growth	12% growth	(15%) decline
Registrar Accreditation	Application Fees	Reflects 40 new registrar accreditation applications	Reflects 57 new registrar accreditation applications	Reflects no new registrar accreditation applications
	Accreditation Fees	Registrar base grows by 40 accreditations	Registrar base grows by 60 accreditations	Registrar base declines by (155) accreditations
	Per-registrar Variable Fees	$3.4 million, consistent with prior years	$3.4 million, consistent with prior years	$3.4 million, consistent with prior years

The table below shows a breakdown of ICANN Operations funding. Figures from the FY25 Budget reflect the information from the medium estimate shown in the previous table compared to figures from the FY24 Forecast. The high and low scenarios from the previous table are also shown as other scenarios.

In Millions, US Dollars	FY25 Budget	FY24 Forecast	Over / (Under) $	%	Other FY25 Scenarios High	Low
Transactions						
Legacy transaction fees	$ 89.0	$ 88.9	$ 0.1	0%	$ 95.9	$ 78.3
New gTLD transaction fees	10.1	9.9	0.2	2%	11.1	8.4
Sub-total	**99.1**	**98.8**	**0.3**	**0%**	**107.0**	**86.7**
Volume: legacy transactions (millions)	*190.5*	*189.8*	*0.6*	*0%*	*204.9*	*167.6*
Volume: New gTLD transactions (millions)	*26.0*	*24.8*	*1.1*	*5%*	*29.1*	*22.0*
Sub-total	*216.5*	*214.7*	*1.8*	*1%*	*234.0*	*189.6*
Volume: New gTLD billable transactions (millions)	*21.0*	*19.8*	*1.2*	*6%*	*23.5*	*17.5*
New gTLD Billable rate - average	*81.0%*	*79.8%*			*80.8%*	*79.5%*
Registry Fixed Fees	**27.6**	**28.1**	**(0.5)**	**(2%)**	**27.6**	**27.3**
Count of total Registries/TLDs - at end of year	*1,096*	*1,118*	*(22)*	*(2%)*	*1,104*	*1,087*
Registrars Accreditation						
Application fees	0.1	0.1	-	-	0.2	-
Accreditation fees - annual	10.4	10.1	0.3	3%	10.5	9.8
Per-registrar variable fees	3.4	3.4	-	-	3.4	3.4
Sub-total	**14.0**	**13.7**	**0.3**	**2%**	**14.1**	**13.2**
Count of total Registrars - at end of year	*2,615*	*2,575*	*40*	*2%*	*2,635*	*2,420*
Contributions						
SSR Contribution	4.0	4.0	-	-	4.0	4.0
ccTLD	2.3	2.3	-	-	2.3	2.3
RIR	0.8	0.8	-	-	0.8	0.8
Meeting Sponsorships/Other	0.2	0.2	-	-	0.2	0.2
Sub-total	**7.3**	**7.3**	**-**	**-**	**7.3**	**7.3**
ICANN Ops Funding	**$ 148.0**	**$ 148.0**	**$ 0.0**	**0%**	**$ 156.0**	**$ 134.5**

4.3 Activity Based Reporting

ICANN continually looks for ways to present reporting that is transparent and useful, both internally and externally. Expense categories such as Personnel and Professional Services are commonly used at both for-profit and nonprofit organizations. To enhance financial reporting, ICANN has developed an Activity Based Reporting approach to present ICANN Operations' costs in a way that better relates to ICANN's core work and mission. This is accomplished by classifying ICANN Operations' expenses within an ecosystem of ICANN's work.

Activity Based Reporting should not be confused with the "Functional Activities" in the Draft ICANN FY25-29 Operating and Financial Plan and FY25 Operating Plan. In that document, Functional Activities are based on the organization's structure and the activities needed to operate ICANN. Activity Based Reporting in this document is a grouping of ICANN's work and efforts to fulfill its mission.
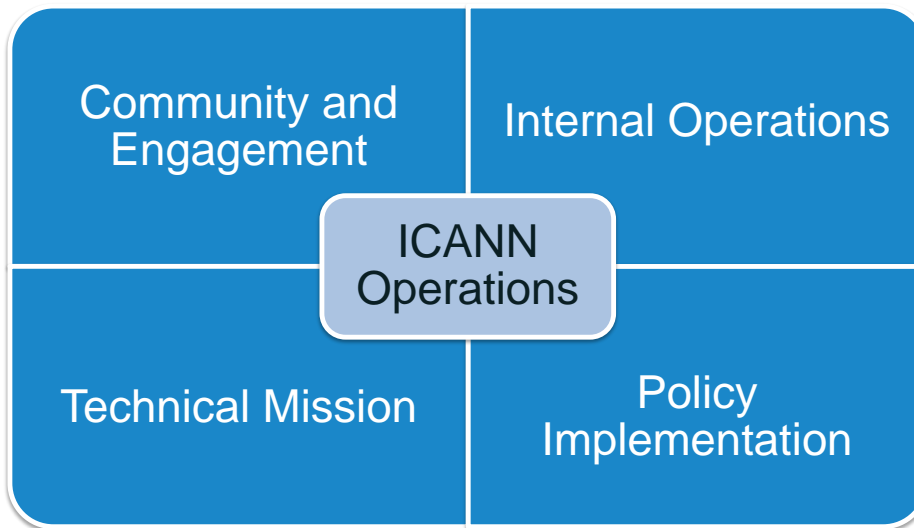
4.3.1 ICANN Operations Ecosystem

The ICANN Operations Ecosystem is comprised of the following activities:

- **Community and Engagement**: Support the community and facilitate work such as policy development and reviews.
- **Internal Operations**: Provide the support and infrastructure for ICANN to execute its mission.
- **Technical Mission**: Technical initiatives and activities in support of ICANN's mission.
- **Policy Implementation**: Carrying out services to Contracted Parties, making sure they are compliant, and implementing Board-approved recommendations.

Community and Engagement | Internal Operations
ICANN Operations
Technical Mission | Policy Implementation

In general, ICANN's workflows begin with Community and Engagement and end up with Policy Implementation. The Technical Mission and Internal Operations activities are also impacted by and help support these workflows.

4.3.2   Comparison of Reporting Views

Below is a comparative view of the ICANN Operations costs of $148 million in the Draft ICANN FY25 Budget. The left chart (Traditional View) shows costs broken out by the traditional expense categories that ICANN and other organizations use. The right chart (Activity View) shows the costs broken out by ICANN Operations' activities explained in the section above.
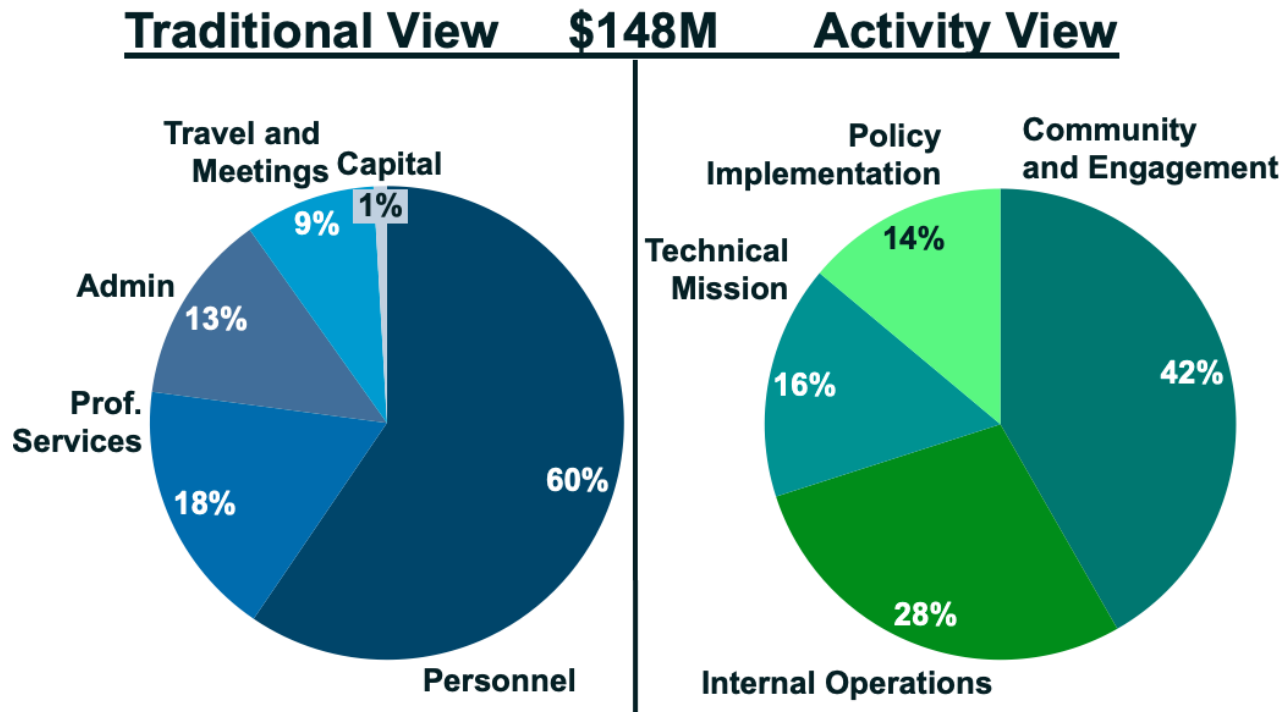
Although the Traditional View chart can be useful to understand the split of expenses, it does not explain the nature of the work in ICANN Operations. Moreover, a majority of the expenses is Personnel, but this chart does not explain what that Personnel is working on.

The Activity View chart shows Personnel and Non-Personnel expenses together in activity categories that pertain to the ICANN Operations ecosystem. The categories are more specific to what ICANN does and will help with dialogue and analysis both internally and externally.

The next sections cover more details about each activity.

4.3.3   Community and Engagement

The Community and Engagement activity covers $59 million of the $148 million budget. This activity is centered around the community, including ICANN Public Meeting costs, direct support for Supporting Organizations (SOs) and Advisory Committees (ACs), community programs, and other engagement events. It also includes the costs for ICANN org functions that interact with the community and Internet stakeholders, as well as Board expenses and support.

Below is a breakdown of each category in this activity:

FY25 Community and Engagement - $59M
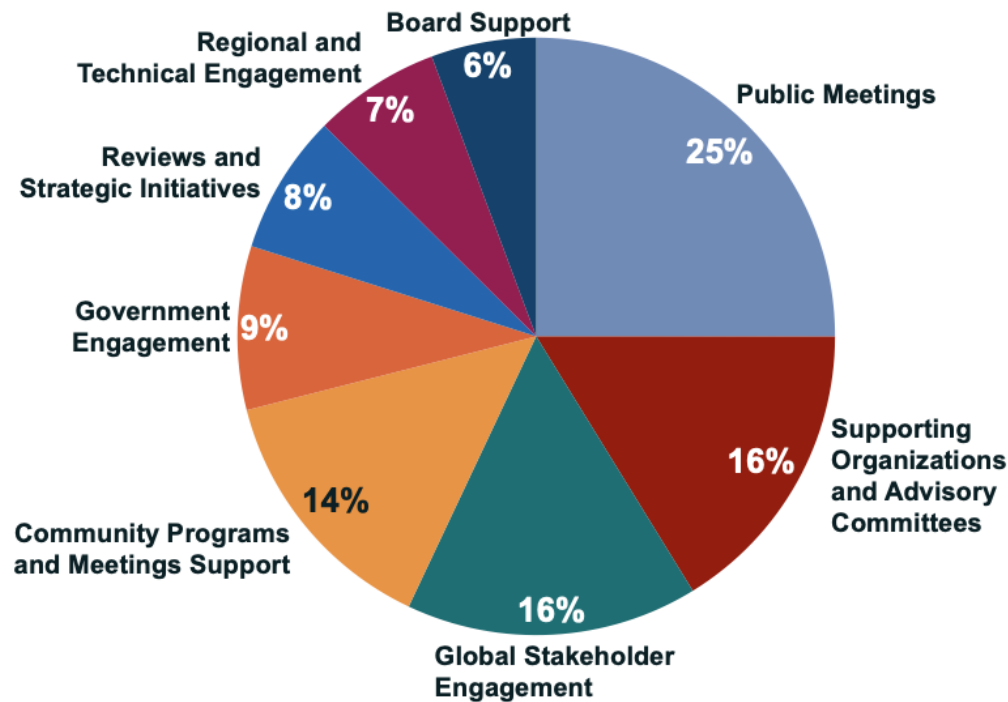
- **Public Meetings:** Total costs for ICANN Public Meetings, which include community travel support, venue contracting, catering, and staff attendance and support.

- **Supporting Organizations and Advisory Committees**: Direct support for groups that develop and advise on policies within ICANN's mission and scope.

- **Global Stakeholder Engagement**: Outreach around the world with stakeholders about ICANN and its mission.

- **Community Programs and Meetings Support**: Engagement programs and services for the community, the Nominating Committee, and support staff and security needed for engagement events.

- **Government Engagement**: Outreach and engagement with governments and IGOs.

- **Reviews and Strategic Initiatives**: Specific and organizational reviews, and strategic initiatives that impact ICANN's remit and stakeholders.

(continued from Community and Engagement activity section above)

- **Regional and Technical Engagement**: Costs associated with ICANN's regional offices and the Office of the Chief Technology Officer (OCTO) Technical Engagement team.

- **Board Support**: Includes reimbursements and compensation paid directly to Board members, as well as payments made to third-party vendors such as hotels, restaurants, and travel agencies on behalf of Board members. It also includes Board operations staff and their travel costs.

4.3.4   Internal Operations

The Internal Operations activity covers $42 million of the $148 million budget. This activity is necessary to ensure ICANN has the support and infrastructure to execute is mission. These functions play a crucial role in supporting ICANN's other activities and the community.

Below is a breakdown of each category in this activity:

FY25 Internal Operations - $42M
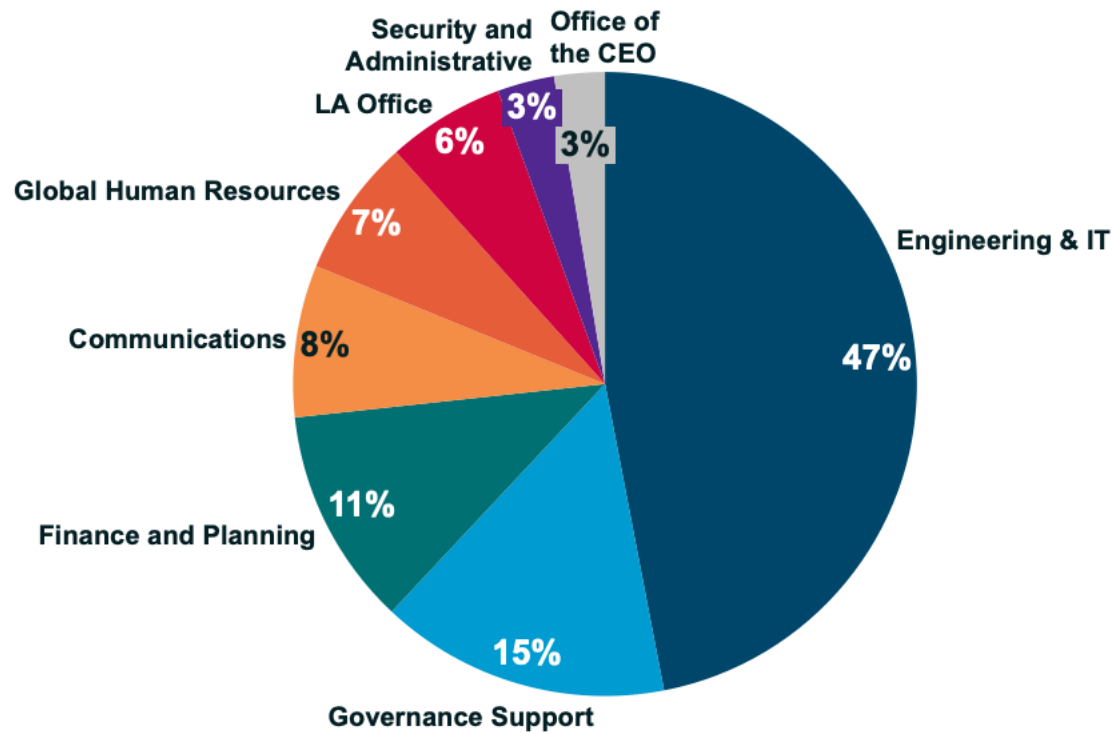
- **Engineering & IT:** Includes staff and systems support, annual recurring costs for licenses and hardware, software engineering, and community/contracted party support and programs. This category does not include costs related to IANA or IMRS, which are reflected in the Technical Mission activity, or support for ICANN Public Meetings which is reflected in the Community and Engagement activity.

- **Governance Support**: Includes internal legal support, litigation, and contractual support.

- **Finance and Planning**: Includes accounting, audit, planning, financial analysis, reporting, risk management, and procurement.

- **Communications**: Creates awareness of ICANN and its role in supporting the public interest, and ensuring that ICANN is represented accurately and consistently in all forms of communication.

(continued from Internal Operations activity section above)

- **Global Human Resources**: Includes talent acquisition, staff support, and oversight of compensation and benefits.

- **Los Angeles Office**: Includes rent, parking, maintenance, events, and facilities support. Other regional offices are reflected in **"**Regional and Technical Engagement" category of the Community and Engagement activity.

- **Security and Administrative**: Includes physical security not associated with engagement events and administrative staff support.

- **Office of the CEO**: Provides support to the President and CEO, who has fiduciary responsibility for the organization. Includes staff support, travel and meetings, and other administrative tasks.

4.3.5   Technical Mission

The Technical Mission activity covers $24 million of the $148 million budget. This activity is necessary to fulfill the technical aspect of ICANN's mission. About half of the activity is dedicated to the IANA functions and the other half covers other technical initiatives.

Below is a breakdown of each category in this activity:

FY25 Technical Mission - $24M
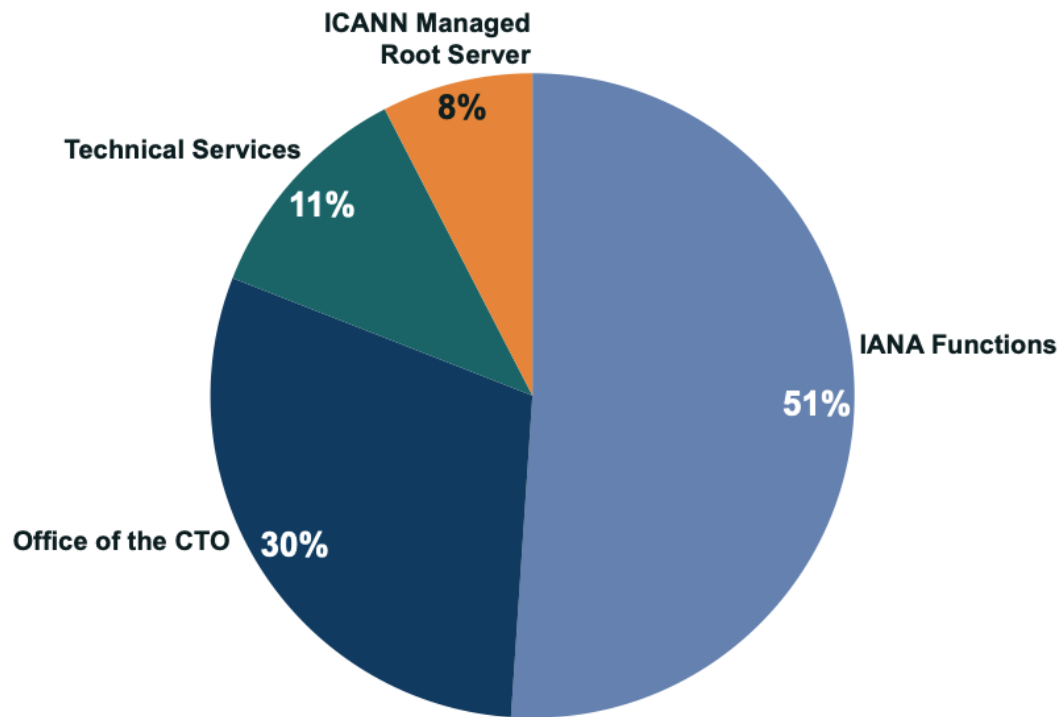
- **IANA Functions:** Assigns unique identifiers for the Internet in accordance with relevant policies and is the registry of record for those allocations. See IANA Budget section for more details.

- **Office of the CTO (OCTO)**: Aims to improve knowledge about the identifiers that ICANN helps coordinate, technical operation of the identifiers, and ICANN's technological stature. Although most of OCTO's costs are reflected here, the Technical Engagement portion of this function's work is reflected in the **"**Regional and Technical Engagement" category of the Community and Engagement activity.

- **Technical Services**: Provides technical knowledge and data regarding the DNS and works to maintain the security and stability of the DNS.

- **ICANN Managed Root Server (IMRS)**: Supports the global Internet by building and maintaining a sustainable, stable, and resilient root server that is able to respond to identified and vetted technical needs.

4.3.6   Policy Implementation

The Policy Implementation activity covers $23 million of the $148 million budget. This activity can be thought of as downstream from the Community and Engagement activity. Once policies have been set or recommendations have been Board-approved, this activity is responsible for carrying out services to Contracted Parties, making sure they are compliant, and implementing approved recommendations.

Below is a breakdown of each category in this activity:

FY25 Policy Implementation - $23M
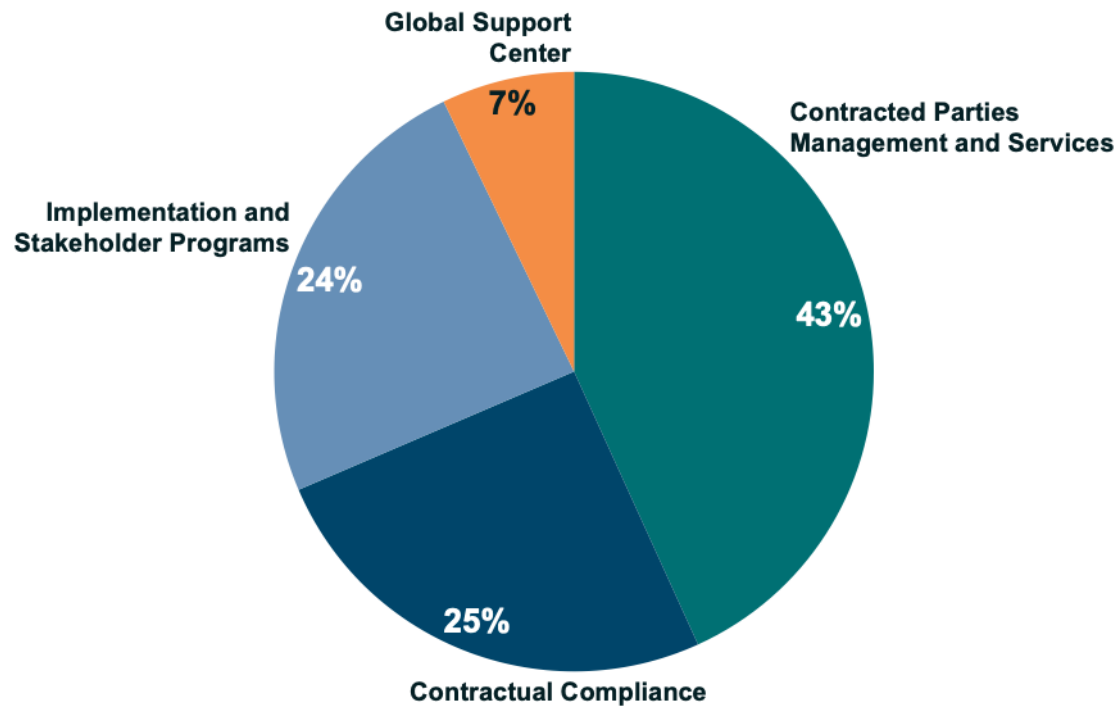
- **Contracted Parties Management and Services:** Services and processes to current and prospective contracted parties for accreditations, renewals, data escrow, annual certifications, tool enhancements, technical panels, and other support services.

- **Contractual Compliance**: Ensures generic top-level domain name registry operators and accredited registrars comply with community consensus policies and their contractual agreements with ICANN.

- **Implementation and Stakeholder Programs**: Overseeing the implementation of Board-approved policy and non-policy recommendations as well as cross-functional projects and research.

- **Global Support Center**: Geographically dispersed team providing support to contracted parties, new gTLD applicants, and the Internet community via email, phone, and the Naming Service portal.

4.4 Travel and Community Engagement

4.4.1   Constituent Travel

ICANN provides travel support for selected community members to:

- Advance the work of ICANN
- Provide support for those who might otherwise not be able to afford to attend ICANN Public Meetings
- Broaden participation in ICANN's processes

ICANN publishes travel guidelines that form the basis for making travel allocations.

The number, cost, and support of funded seats for Supporting Organization (SO) and Advisory Committee (AC) constituent travel remain at FY24 Budget levels. Likewise, the number of travel seats funded for Fellows and NextGen participants at each of the three ICANN Public Meetings remains the same as FY24 Budget levels.

Constituent / Community Group	Abbreviation
At-Large Advisory Committee	ALAC
ICANN Fellowship Program Selectees	Fellows
Country Code Names Supporting Organization	ccNSO
Governmental Advisory Committee	GAC
Generic Names Supporting Organization	GNSO
NextGen@ICANN Program Selectees	NextGen
Root Server System Advisory Committee	RSSAC
Security and Stability Advisory Committee	SSAC
Newly elected SO/AC members replacing outgoing positions	Incoming Travelers
Nominating Committee Selectees	NomCom Selectees

Constituent Travel by Community Group	ICANN 81 - Istanbul		ICANN 82 - Seattle		ICANN 83 - TBD	
	Trips	Amount	Trips	Amount	Trips	Amount
ALAC	29	$83,535	29	$88,190	29	$72,405
Fellows	45	$120,825	45	$132,030	45	$107,325
ccNSO	17	$45,715	17	$43,318	17	$43,785
GAC	40	$107,400	40	$93,200	40	$95,400
GNSO	51	$142,255	51	$152,738	51	$124,875
NextGen	15	$40,275	15	$44,010	15	$35,775
RSSAC	6	$21,430	6	$20,708	6	$17,550
SSAC	16	$43,380	16	$40,988	16	$41,400
Incoming Travelers	5	$11,675	0	$0	0	$0
NomCom Selectees	5	$13,425	0	$0	0	$0
Total	**229**	**$629,915**	**219**	**$615,182**	**219**	**$538,515**
ICANN Meetings Subtotal	**$1,783,612**					

Other Community Events & Costs	Amount
GAC High Level Government Meeting (HLGM)	$46,700
GAC Capacity Development Workshop	$40,350
GNSO - GDD Summit/Working Sessions	$197,745
CROP Program	$56,060
Per Diem Stipends	$423,000
Total	**763,855**

ICANN Meetings Total	**$2,547,467**

4.4.2   ICANN Public Meetings

ICANN Public Meetings are central to ICANN's multistakeholder model and provide a venue for learning about ICANN, advancing policy work, conducting outreach, exchanging best practices, and interacting with members of the ICANN community, Board, and organization. ICANN Public Meetings are held three times each year in different regions of the globe to enable attendees from around the world to participate in their own jurisdiction. Each ICANN Public Meeting held throughout the year has a different focus and duration. Per the calendar year and in order by date, the three Public Meetings are known as the Community Forum, the Policy Forum, and the Annual General Meeting (AGM).

Due to the COVID-19 pandemic, ICANN72 and ICANN73 were conducted in a virtual format, and therefore, reflect cost savings. For the FY25 Budget, the assumption has been made that all ICANN Public Meetings will be in a hybrid format with most costs due to the face-to-face component.

In Millions, US Dollars	Meeting Format	Actuals	Budget
ICANN83 - TBD	Policy	n/a	$3.9
ICANN82 - Seattle	Community	n/a	$4.5
ICANN81 -Istanbul	AGM	n/a	$4.2
Total FY25 ICANN Meetings		**n/a**	**$12.5**
ICANN80 - TBD	Policy	n/a	$4.5
ICANN79 - Puerto Rico	Community	n/a	$4.2
ICANN78 - Hamburg	AGM	n/a	$4.6
Total FY24 ICANN Meetings		**n/a**	**$13.3**
ICANN77 - DC	Policy	$4.4	$3.7
ICANN76 - Cancun	Community	$4.4	$3.6
ICANN75 - Kuala Lumpur	AGM	$4.7	$4.0
Total FY23 ICANN Meetings		**n/a**	**$11.3**
ICANN74 - The Hague	Policy	$3.6	$3.5
ICANN73 - San Juan (Virtual)	Community	$0.5	$3.8
ICANN72 - Seattle (Virtual)	AGM	$0.5	$3.5
Total FY22 ICANN Meetings		**$4.6**	**$10.8**

4.5 Risks and Opportunities

This section identifies risks and opportunities in the ICANN FY25 Budget. Each scenario is classified as related to funding or an expense, includes an estimated U.S. dollar impact, and is assigned a probability of "Low," "Medium," or "High."

A risk is defined as "lower funding" or a "higher expense." An opportunity is defined as "higher funding" or a "lower expense."

Risks	Potential Amount	Probability
Funding: Lower than Budget due to more than planned losses of domain registrations and contracted parties	-$3.0 million	Low
Expense: Increased cost of traveling and operating due to inflation	-$2.0 million	Medium

Opportunities	Potential Amount	Probability
Expense: Personnel savings from difficulties in hiring new staff	+$1.0 million	Medium
Funding: Higher than planned due to the economy improving	+$2.0 million	Medium

4.6 Contingency

The contingency is an amount included in the Budget, but not allocated to any specific activities. This allows for the flexibility to cover the difference between projected and actual costs, expenses difficult to forecast such as litigation costs, or activities that have been confirmed for implementation by the Board after the Budget was finalized.

ICANN org supports the community-led activities that result in review recommendations, cross-community working group recommendations, recommendations following policy development processes, and advisory recommendations. Policies and recommendations progress through various stages such as initiation, development, finalization, Board consideration, implementation planning, and implementation. ICANN org begins designing the expected implementation work only as recommendations and policies move forward and reach the stage of Board consideration. After the Board adopts recommendations and policies, the implementation work begins.

In an effort to present a comprehensive view of projected ICANN org operations over the five-year period, the Draft ICANN FY25–29 Operating and Financial Plan includes areas of work still under discussion within the community or under Board consideration. Please see the ICANN Rolling Five-Year Roadmap for more details.

The contingency in the FY25 Budget is $5.0 million (approximately 3% of budgeted expenses).

4.7 IANA Budget

IANA activities are a portion of ICANN Operations, and the planning process for the IANA Budget is part of the overall ICANN planning process. The IANA multiyear plans are part of ICANN's Five-Year Operating and Financial Plan. The IANA FY25 Operating Plan and Budget is a component of ICANN's FY25 Operating Plan and Budget. Public Technical Identifiers (PTI) is an affiliate of ICANN and, through contracts and subcontracts with ICANN, is responsible for the operations of the IANA functions. PTI has its own Bylaws that require the organization to develop its own annual PTI Operating Plan and Budget.

Consultations were conducted with stakeholders on the IANA FY25 Operating Plan and Budget priorities. After developing a final proposed draft, the Draft IANA FY25 Operating Plan and Budget will be published for Public Comment at the same time as the Draft ICANN FY25 Operating Plan and Budget. A summary of the financials is shown on the right.

ICANN org receives input from PTI on its Budget and then develops an IANA Budget each year. The Draft IANA FY25 Operating Plan and Budget is $11.5M, of which $10.9M is for PTI activities and $0.6M is for IANA support activities not performed by PTI. The Draft IANA FY24 Budget is $0.5M higher than the FY24 IANA Budget, primarily due to an increase in personnel costs, and partially offset by lower professional services needs for third-party contractors. The IANA support activities component remains the same compared to the support activities component in the FY24 IANA Budget. Overall, the services remain the same to the FY24 Budget.

FY25 PTI Budget in Millions, USD	FY25 Budget	FY24 Budget	Under/(Over) Total	%
FUNDING	**$10.9**	**$10.5**	**($0.4)**	**-3.8%**
Personnel	$7.2	$6.7	($0.5)	-7.4%
Travel & Meetings	$0.5	$0.5	$0.0	2.1%
Professional Services	$1.5	$1.8	$0.3	16.6%
Administration	$1.0	$0.9	($0.1)	-10.9%
Contingency	$0.5	$0.5	($0.1)	-16.0%
Capital	$0.2	$0.1	($0.1)	-60.0%
TOTAL CASH EXPENSES	**$10.9**	**$10.5**	**($0.4)**	**-3.8%**
EXCESS/(DEFICIT)	**$0.0**	**$0.0**	**$0.0**	**0.0%**
Average Full-Time Equivalents	23.7	22.6	(1.1)	-4.8%

FY25 IANA Budget in Millions, USD	FY25 Budget	FY24 Budget	Under/(Over) Total	%
PTI Services	$10.9	$10.5	($0.4)	-3.8%
IANA Support Activities (a)	$0.6	$0.6	($0.0)	-1.1%
TOTAL	**$11.5**	**$11.0**	**($0.5)**	**-4.2%**
Average Full-Time Equivalents	25.2	24.1	(1.1)	-4.5%

(a) IANA Support Activities includes the Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee and IANA Naming Function reviews These costs are funded by ICANN Org.

5 New Generic Top-Level Domain (gTLD) Program

The question of how new generic top-level domains (gTLDs) are introduced into the Domain Name System (DNS) is an important topic for many people. The process for adding new gTLDs has evolved over time to meet the demands of today's Internet and the stakeholders who use it, such as community organizations, businesses, intellectual property holders, individuals, and more.

The last time new gTLDs were added was through the New gTLD Program 2012 Round. Efforts to prepare the path forward for a subsequent round of new gTLDs are ongoing and part of a community-wide effort to determine how organizations might apply and be selected. Please see Section 5.2 New gTLD Program: Next Round for more information.

5.1 New gTLD Program: 2012 Round

The New gTLD Program 2012 Round is a $360 million multiyear program launched in 2012 to create new gTLDs. A key goal of the program has been to enhance competition, innovation, and consumer choice.

5.1.1 Multiyear View

ICANN org periodically reviews the total estimated costs of the New gTLD Program 2012 Round and currently estimates that this round will end sometime after fiscal year 2026.

Starting with FY21, all United States public, private, and non-profit entities, including ICANN, were required to adopt a new revenue recognition standard (ASC 606) issued by the Financial Accounting Standards Board. The adoption of ASC 606 had no impact on ICANN's funding or cash balances. The adoption of ASC 606 only impacted the timing of the recognition of the revenue from the application fees associated with the New gTLD Program 2012 Round.

The table reflects the adoption of the new revenue recognition standard in addition to multiyear cost projections. Contingency and investment gains are not estimated for future years.

New gTLD Program 2012 Round	Statement of Activities by Fiscal Year					Statement of Activities for Full Program (December 2023) Current Estimate
	FY12 - FY22 Actual	FY23 Actuals	FY24 Forecast	FY25 Budget	FY26 & Beyond Estimate	
New gTLD Applicant Fees	360	-	0	0	1	361
Refunds	(52)	0	(0)	(0)	(1)	(53)
Applicant Fees (Net of Refunds)	$ 308	$ 0	$ 0	$ 0	$ 0	$ 308
Initial and Extended Evaluation	(68)	-	-	-	-	(68)
Quality Control and Objection Processes	(11)	-	-	-	-	(11)
Pre-delegation	(12)	-	-	-	-	(12)
Program Costs	(41)	(1)	(2)	(3)	(5)	(52)
Staff Costs	(59)	(2)	(1)	(1)	(1)	(64)
Operating Expenses	$ (191)	$ (3)	$ (3)	$ (3)	$ (6)	$ (207)
Historical Development Costs	(32)	-	-	-	-	(32)
Contingency Costs	(32)	(2)	(0)	-	-	(35)
Non Operating Expenses	$ (65)	$ (2)	$ (0)	$ -	$ -	$ (68)
Other Income/(Expense)	$ (2)	$ (0)	$ (0)	$ -	$ -	$ (2)
Investment Income/(Expense)	$ 11	$ 2	$ 1	$ -	$ -	$ 14
Total Expenses	$ (247)	$ (3)	$ (3)	$ (3)	$ (6)	$ (263)
Net Remaining New gTLD Funds	$ 61	$ (3)	$ (3)	$ (3)	$ (6)	$ 46

5.1.2   Cash Expense Analysis

The chart below represents the multiyear forecast in the New gTLD Program 2012 Round costs. Application fees collected totaled $361 million with projected refunds of $53 million, resulting in a net funding of $308 million. The projected program costs are $276 million, which are partially offset by investment gains from FY12–FY24 of $14 million, resulting in total costs of $262 million. The Board approved use of $18 million of remaining 2012 Round funds for the Next Round. The projected remaining 2012 Round funds are $28 million, which will be reserved for unexpected expenses including contingency.
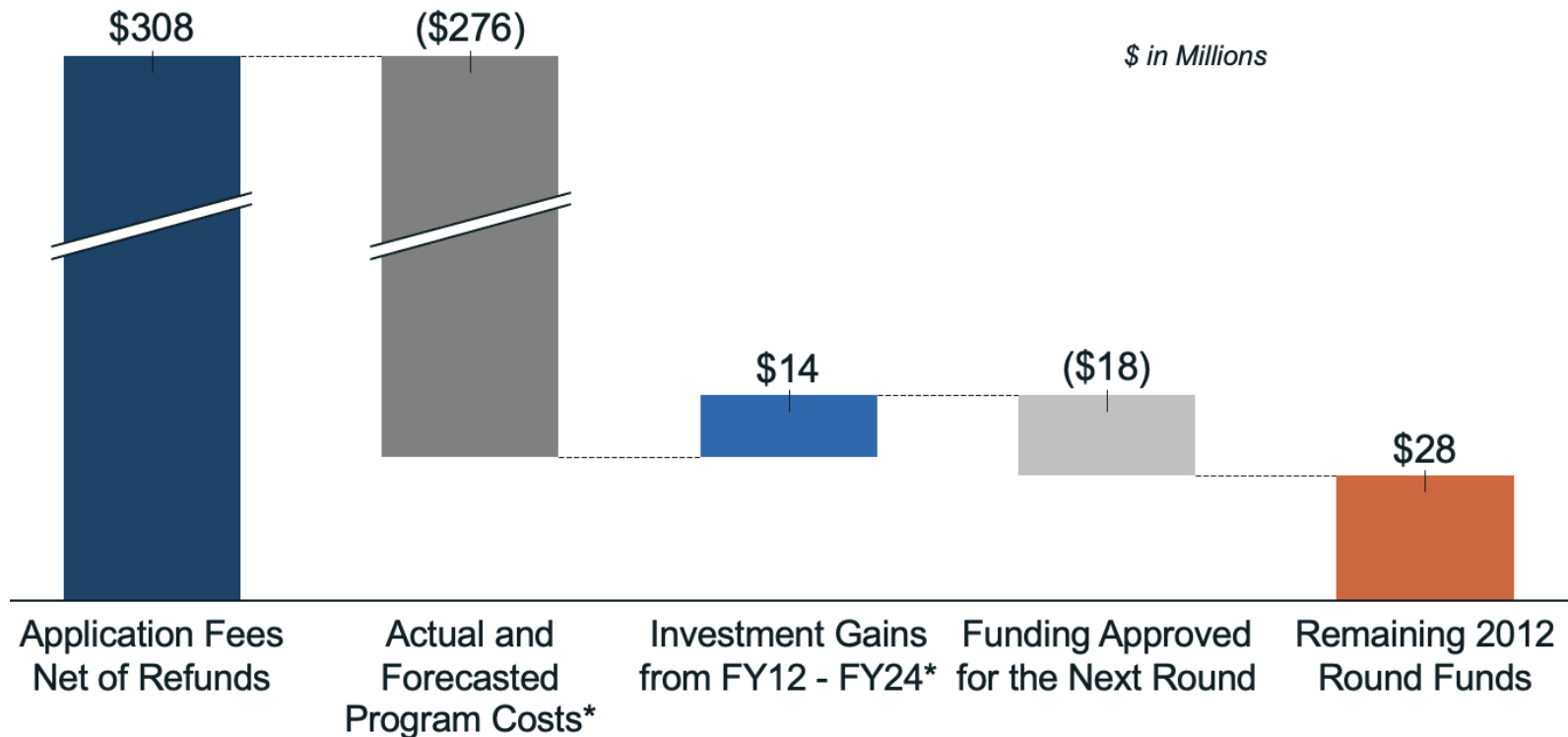
*Contingency Costs and Investment Gains are not estimated for future years. Actual Costs are from FY12 through September 2023. Forecasted Costs are for October 2023 and Beyond.

5.1.3 Risks and Opportunities

This section outlines the risks and opportunities of the New gTLD Program 2012 Round in the FY25 Budget. Each scenario is classified as related to funding or expenses; it includes an estimated U.S. dollar impact, and is assigned a probability of "Low," "Medium," or "High."

A risk is defined as "lower funding" or "higher expense." An opportunity is defined as "higher funding" or "lower expense."

Risks	Potential Amount	Probability
Expense: Unable to complete application processing and withdrawals by the projected end date of the program	-$2.0 million	High
Expense: Litigation and accountability mechanisms	TBD	Medium

Opportunities	Potential Amount	Probability
Expense: The Board acts to bring the 2012 Round application Processing to completion	+$2.0 million	Low

5.2 New gTLD Program: Next Round

The New Generic Top-Level Domains (gTLD) Program: Next Round (Next Round) is a community-driven initiative enabling the continued expansion of the DNS through the introduction of more gTLDs. Among other goals, the program aims to foster diversity, encourage competition, and enhance the utility of the DNS. The Next Round will give businesses, communities, and others the opportunity to apply for new top-level domains tailored to their community, culture, language, business, and customers. The Next Round will also offer opportunities to create a more multilingual and inclusive Internet for the billions of people who speak and write in different languages and scripts.

Universal Acceptance (UA) of all domain names and email addresses, including new longer gTLDs as well as those formed with IDNs, will facilitate the expansion of a multilingual Internet. Ensuring the universal acceptance of these domain names and email addresses by all Internet-enabled applications and systems, and resolving the technical issues around UA, is important to delivering the benefits of the Internet to the billions of current and future Internet users.

5.2.1   What's the Status of the Next Round of New gTLDs?

ICANN continues to work toward opening the next round of applications for new gTLDs. ICANN published the implementation plan for opening the next application round of the New gTLD Program to the ICANN Board of Directors on 27 July 2023. The plan includes an overview of project details including requirements for cost and resources, systems and tools, communications, and dependencies.

Policy Implementation work is a crucial driver of the overall timeline for opening the next round of applications for new gTLDs. This work will culminate in the completion of a new Applicant Guidebook (AGB). To help facilitate this work, an Implementation Review Team (IRT) to support the implementation of policy recommendations was formed. The IRT is equally composed of participants and representatives, which together make up the IRT members. These IRT members will work with ICANN org to assist in the implementation of the recommendations and provide input on the intent and purpose of the Board-adopted recommendations, in line with the IRT Principles and Guidelines. The policy implementation work is estimated to require two years and ensure that the implementation of the new Applicant Guidebook conforms to the intent of the policy recommendations contained in the Final Report. The first meeting of the IRT took place in May 2023.

ICANN org expects the implementation work to open the New gTLD Program: Next Round to take three years overall. Two years of this work can be conducted in parallel with Policy Implementation work.

After completion of the Applicant Guidebook, ICANN org expects it will take one year to complete operationalization work, including systems development and testing, which enables the application round to open in Q2 of calendar year 2026.

Milestones
- On 12 September 2021, the Board approved a resolution, directing the ICANN President and CEO to conduct the Operational Design Phase (ODP) to address the questions outlined in the New gTLD Subsequent Procedures Operational Design Phase Scoping Document. The ICANN Board approved the expenditure of up to $9 million dollars in order to perform the ODP.
- In December 2022, ICANN org submitted its Operation Design Assessment (ODA) report to the ICANN Board for consideration in adopting the Final Report Outputs.
- On 16 March 2023, the ICANN Board approved a resolution for an additional $9 million in funding through October 2023 to support ongoing work and completion by ICANN org of a more comprehensive implementation plan.
- On 27 July 2023, the Board approved a resolution that acknowledged receipt of the Next Round Implementation Plan and directed ICANN org to provide the Board with periodic updates on its progress on implementation, as well as to continue to prepare information for the Board Finance Committee on the program status and periodic requests for implementation funding as work progresses through identified milestones.
- On 26 October 2023, the ICANN Board approved a resolution for an additional $13 million in funding to support implementation efforts through June 2024.

5.2.2   Next Round FY24 Forecast and FY25 Budget

A key component of the New gTLD Program: Next Round expenditures is additional personnel for ICANN org to increase its capacity. Some of the new resources directly support the Next Round, while some are backfills for existing positions that will transfer to the New gTLD Program. ICANN will be seeking a combination of temporary resources and staff to support this project. Work that is temporary in nature and will no longer continue once the program is completed will be handled by temporary resources; whereas work that is to continue through the multiple phases of the program or become part of ongoing operations will be supported by Full-Time Equivalents.

Included in its estimated expenses is an amount for ICANN org to facilitate small in-person or hybrid community meeting(s) to begin generating awareness in underserved regions regarding the potential opportunities of the next New gTLD Program: Next Round, to initiate discussions regarding how ICANN will provide support for linguistic needs, and Internationalized Domain Names, and to provide information regarding ICANN's mission and the goals of the New gTLD Program.

The funding to pay for New gTLD Program Next Round development costs before program launch, including those of the ODP, will come from both the New gTLD Program 2012 Round remaining application fees and the Supplemental Fund for Implementation of Community Recommendations (SFICR). These funds are intended to be used on the program, are not specifically earmarked for a specific round or recommendation, and are, therefore, being used to fund the work on the next round.

ICANN org is working under the general assumption that there will be further subsequent rounds of the New gTLD Program. The estimated resource requirements for the implementation plan have been calculated to ensure that, under the assumption there will be future rounds, ICANN org will be well positioned to use the additional resources to support design planning, implementation, and ongoing operations of the approved policy recommendations.

The Next Round implementation budget included in the **Next Round Implementation Plan** covers implementation activities necessary to progress the four core work streams through to the opening of the application period in Q2 2026 (with a goal of April 2026). ICANN org will continue to coordinate with the Board Finance Committee (BFC) on periodic requests for implementation funding, so that the BFC may make recommendations to the Board for its consideration of approval of tranches of funding as implementation work progresses each fiscal year.

Key Deliverables and Highlights of the FY24 Forecast
- Implementation Review Team (IRT) formed.
- Registry Service Provider Evaluation Program kickoff and start of system developments.
- Communications and Outreach activities initiated.
- Comprehensive implementation plan delivered to ICANN Board

Key Deliverables and Highlights of the FY25 Budget
- Opening of the Registry Service Provider Evaluation application period.
- Opening of the Applicant Support Program application period.

- Publication of the Applicant Guidebook for public comment.

Program to Date and Projected Next Round Financials through FY25

New gTLD Next Round - Implementation			
Funding Status	**Board Approved March 2023**	**Board Approved October 2023**	**FY25 (For Board Review ICANN80)**
USD in Millions	**April - October 2023**	**November 2023 - June 2024**	**July 2024 - June 2025**
Implementation	$6.6	$11.3	$22.5
Shared Services	$2.2	$1.7	$3.4
Implementation Total	**$8.8**	**$13.0**	**$25.9**
Average FTE	26.3	38.1	46.2

Fiscal Year 2025 figures are current estimates that still require Board approval for funding and are subject to change based upon ongoing implementation work and outputs from the IRT team sessions. FY25 funding approval will be requested from the ICANN Board at ICANN80. For further information on the New gTLD Program: Next Round, please visit the New gTLD website.

For details on the overall implementation plan and budget, please see the **Next Round Implementation Plan** document.

6 Grant Program

The ICANN Grant Program is based on the recommendations in the Final Report of the Cross-Community Working Group on New gTLD Auction Proceeds. The community's recommendations were adopted by the ICANN Board on 12 June 2022. ICANN org will continue to update the Board and community as work progresses toward implementation of the program and the first cycle of applications which is planned to begin at the end of the first calendar quarter of 2024.

The Grant Program will distribute the proceeds from auctions of last resort for certain applications in the New gTLD Program 2012 Round. The Grant Program will be open to applications that are supportive of ICANN's mission and is an exceptional opportunity to make a difference in the Internet ecosystem.

The Grant Program will run in cycles, the first one distributing up to $10 million. ICANN anticipates receiving around 200 grant applications within the first cycle, and funding approximately 50 grants with an average grant award of $200,000. Estimated costs to run the program consider one-time implementation costs such as creating the Grant Program department and extensive program literature and documentation, as well as recurring program costs such as ICANN staff, awareness and outreach communication campaigns, and outsourced services for the Independent Application Assessment Panel and the Grant Program management software.

The following table outlines the expenses and forecast distributions for both the one-time implementation of the Grant Program and the recurring costs for each cycle. The program implementation costs occurred in FY23 and continue to occur in FY24. The first cycle expenses and efforts will span from FY24 through FY26. The second grant cycle is projected to begin at the end of FY25 as soon as a review of the first cycle is complete.

Grant Program	FY23 - FY24	FY25	
USD in Millions	Expenses	Expenses	Distributions
One-Time Implementation	$0.2	$0.0	$0.0
Cycle 1	$1.0	$0.7	$10.0
Cycle 2	$0.0	$0.1	$0.0
Staff Support	$1.2	$0.9	$0.0
Total	$2.4	$1.7	$10.0
Average FTE	2.3	3.0	

The Grant Program includes two fully dedicated staff along with support staff for services such as communications, legal services, and financial reviews. External expenses each cycle cover independent panels for eligibility reviews and applicant assessment, management of the grant support platform, and outreach and awareness campaigns.

7 Reviews Implementation Prioritization

ICANN org continues to implement, move towards prioritization, and document implementation of, where and when appropriate, the set of Board approved recommendations from Specific Reviews.

ICANN's four Specific Reviews are anchored in Article 4.6 of ICANN's Bylaws and serve to assess how certain aspects of the ICANN ecosystem are performing, including how the organization, Board, and community fulfill various commitments. Specific Reviews are critical to maintaining a healthy multistakeholder model. They include:

- The **Accountability and Transparency Review (ATRT)** is a periodic review of ICANN's execution of its commitment to maintain and improve robust mechanisms for public input, accountability, and transparency to ensure that the outcomes of decision-making reflect the public interest and are accountable to the Internet community. The third iteration of the ATRT review (**ATRT3**) concluded with Board action on the Final Report in November 2020.
- The **Competition, Consumer Trust, and Consumer Choice Review (CCT)** is an assessment of the extent to which the expansion of generic top-level domains (gTLDs) has promoted competition, consumer trust, and consumer choice. It also assesses the effectiveness of the application and evaluation process of the New gTLD Program 2012 Round, as well as the safeguards put in place to mitigate possible issues arising from the 2012 Round. The first iteration of the CCT review (**CCT**) concluded with Board action on the Final Report in March 2019.
- The **Registration Directory Service Review** (**RDS**) is a periodic review of the effectiveness of the gTLD registry directory service and whether its implementation meets the legitimate needs of law enforcement, promotes consumer trust, and safeguards registrant data. The second iteration of the RDS review (**RDS-WHOIS2**) concluded with Board action on the Final Report in February 2020.
- The **Security, Stability, and Resiliency Review** (SSR) assesses ICANN's execution of its commitment to enhance the operational stability, reliability, resiliency, security, and global interoperability of the systems and processes that are affected by the Internet's system of unique identifiers that ICANN coordinates. The second iteration of the SSR review (**SSR2**) concluded with Board action on the Final Report in July 2021.

ICANN org developed a planning prioritization framework to help the ICANN ecosystem prioritize its work within the planning cycle in a manner that is transparent, inclusive, and efficient, and to address ATRT3 Recommendation 5[1]. A pilot with community members was held in the second quarter of calendar year 2022 to focus on Board-approved Specific Reviews recommendations eligible for prioritization and has since become an integrated component of the annual planning process.

An internal cross functional project team determined that the one-time effort of implementation was estimated to cost $5.8 million and would require incremental funding outside of the annual plan and operating budget to complete Board approved recommendations.

Per the ICANN Investment Policy, the SFICR is to be used to fund projects and initiatives that are specifically approved to be funded in the annual planning and budget process. The funding of these projects by the SFICR occurs, as approved by the Board, when the size, complexity, and length of the project create a challenge to be solely funded by annual funding.

In November 2022, the Board approved a resolution for the utilization of $5.8 million from the SFICR to fund one-time efforts for prioritized review implementations. Due to the number and complexity of recommendations in some instances, implementation is anticipated to continue into FY25 and SFICR funds will continue to be used throughout the fiscal year. All ongoing efforts to maintain service levels and recommendation requirements, after initial implementation, will be incorporated into ICANN's annual operating plan and budget.

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[1] In its Final Report submitted to the Board on 29 May 2020, the ATRT3 Review Team included "Recommendations, Suggestions, and Observations Related to the Prioritization and Rationalization of Activities, Policies, and Recommendations." The ATRT3's Recommendation 5, in part, echoed a conversation started in 2019 between the ICANN Board and leadership of all Specific Review Teams on the need to enhance the effectiveness of review recommendations and their implementation, with a focus on resourcing and prioritization of community recommendations.

The below chart shows the forecast spend for Specific Reviews recommendations through the end of FY24 and the budgeted amounts for FY25.

Specific Reviews Recommendations USD in Thousands	Program Forecast through FY24 (July 2022 - June 2024)		FY25 Budget Total $	Total Board Approved Spend Total $
	% Complete	Total $		
Accountability and Transparency Review 3 (ATRT3)	54%	$1,408	$1,286	$2,665
Competition, Consumer Trust, and Consumer Choice Review (CCT)	65%	$1,578	$614	$2,387
Security, Stability and Resiliency Review (SSR2)	57%	$241	$130	$593
Registration Directory Service review (RDS-WHOIS2)	87%	$167	$130	$150
Totals	69%	$3,394	$2,159	$5,795

8 Reserve Fund

The Reserve Fund is invested according to a conservative Investment Policy which includes limited exposure to fluctuations of the financial markets. Returns are correlated with the trends of the financial markets and therefore any increase or decrease in return is consistent with, but less than, financial market trends resulting from recent events (i.e., wars, inflation, rising interest rates, and a potential recession).

The Reserve Fund has a long-term horizon and the investment strategy has been successful over time. During the last five fiscal years, some of which were financially volatile, the Reserve Fund has net investment gains of $14 million, equating to an average of about four percent per fiscal year.

In 2018, the Board approved an eight-year replenishment strategy which included a goal of reaching a fund balance equal to at least 12 months of operating expenses. The Reserve Fund balance is currently above this goal and ICANN org is committed to keeping the balance at or above one year of budgeted expenses.

9 Appendix

9.1 Registrar Fees

Registrar fees are to be approved by the Board before submitting them to voting by the registrars.

Approximately 2,650 registrars are accredited by ICANN as of 30 September 2023. These relationships are governed by the Registrar Accreditation Agreement (RAA); the most recent version of the RAA was approved in June 2013. The RAA is a five-year agreement that provides for the following types of fees:

Fee Type	Description
1. Application Fees	Application fees are paid one time by prospective registrars at the time of application. In FY25, application fees are estimated to be $140,000 based on a volume of 40 applications and a fee of $3,500 per application.
2. Annual Accreditation Fees	Annual accreditation fees are fees that all registrars are required to pay annually to maintain accreditation. The fee is $4,000 per year. Registrars have the option of paying the annual $4,000 accreditation fee in quarterly installments of $1,000. The annual accreditation fees are estimated at $10.4 million, based on an average of 2,600 accredited registrars in FY25.

Fee Type	Description
3. Variable Accreditation Fees	Variable accreditation fees are based on the transaction type and volume of each registrar. There are two types of fees associated with the variable accreditation fees: ● Per-registrar variable fee ● Transaction-based fee
3.1 Per-Registrar Variable Fees	Per-registrar variable fees are based on a validated concept that ICANN expends the same effort in providing services to a registrar regardless of size. However, if the registrar is considerably small in size and activity, some registrars will continue to be eligible for "forgiveness" of two-thirds of the standard per-registrar variable fee. To be eligible for forgiveness, a registrar must meet both of the following criteria: ● Less than 350,000 gTLD names under its management ● No more than 200 attempted adds per successful net add in any TLD Forgiveness will be granted each quarter to all registrars that qualify. The amount per registrar is calculated each quarter by dividing $950,000 (one-fourth of $3.8 million) equally among all registrars that have at least been accredited for one full quarter or have made at least one transaction, taking into consideration the forgiveness factor. In addition, a discount of 10 percent is granted to all registrars operating under the 2013 RAA.
3.2 Transaction-Based Fees	Transaction-based fees are assessed on each annual increment of an add, renewal, or transfer transaction that has survived a related add or auto-renew grace period. If approved again, these fees will be billed at $0.18 per transaction for registrars operating under the 2013 RAA (resulting from a $0.20 base fee, discounted by 10 percent to $0.18).

Since 2013, the Budget has assumed an Add Grace Period (AGP) excess deletion fee to eliminate domain tasting:

- The amount for AGP deletion fees was assumed to be zero in past Budgets and is assumed to be zero for the Draft ICANN FY25 Budget.
- AGP excess deletion fees are assessed on each domain name deleted, in excess of the threshold, during an add-grace period. The threshold is the larger of 50 or 10 percent of total add, per month, and per TLD. The rate per excess deletion is $0.20.

Below is a summary of the estimated registrar fees by fee type.

In Millions, US Dollars	FY25 Budget	FY24 Forecast	Other FY25 Scenarios	
			High	Low
Registrar Transaction Fees	$ 39.0	$ 38.6	$ 42.1	$ 34.2
Accreditation Fees - annual	10.4	10.1	10.5	9.8
Per-registrar Variable Fees	3.4	3.4	3.4	3.4
Total Registrar Funding	**$ 52.8**	**$ 52.2**	**$ 56.0**	**$ 47.4**

9.2 Fund Governance

Name of Fund	Description of Fund
1 Operating Fund, SFICR, and Reserve Fund	These are governed in accordance with the ICANN Investment Policy. Extracts are shown below.
1.1 Operating Fund	It funds the day-to-day operations of ICANN, including all items in the ICANN Board-approved annual Budget. The Operating Fund contains enough funds to cover ICANN's expected expenditures for at least three months. Excess funds are periodically transferred to the ICANN Reserve Fund or Supplemental Fund for Implementation of Community Recommendations (SFICR).
1.2 SFICR	The SFICR was created to establish segregated resources to increase the capacity of the organization to address projects that are multi-year and focus on Board-approved community recommendations (for policies or resulting from reviews and cross-community working groups) that are approved by the Board. Its funding and expenses are evaluated annually during the planning process as well as periodically by the Board Finance Committee (BFC) and the Board.
1.3 Reserve Fund	The Reserve Fund is ICANN's funding to cover large expenses resulting from unavoidable, unpredictable, or unplanned events, which cannot be funded by ICANN's operations. Any use of the Reserve Fund is restricted by actions of the Board, with a partial delegation of authority to the BFC. The Reserve Fund balance is currently above one year of budgeted expenses and ICANN org is committed to keeping the balance at or above this level.

Name of Fund	Description of Fund
2 New gTLD Program and Auction Proceeds	These are governed in accordance with the New gTLD and Auction Proceeds Investment Policy. Please see extracts from this document below.
2.1 New gTLD Program	This corresponds to the unspent portion of the New gTLD Program 2012 Round application fees, collected from applicants during the application window in 2012. The funds are used to evaluate the applications and to cover hard-to-predict costs (including contingency), and starting in FY22, to cover New gTLD Program Next Round costs.
2.2 Auction Proceeds	The ICANN Auction is a mechanism of last resort to resolve string contention within the New gTLD Program 2012 Round. Auction Proceeds are reserved and earmarked for the Grant Program.

9.3 Additional Financials

9.3.1   Total ICANN FY24 Forecast

Total ICANN Financials	For the Twelve Months Ending 30 Jun 2024					
In Millions, US dollars	**ICANN Operations**	**New gTLD Program**	**SFICR Projects**	**Grant Program**	**Reserve Fund**	**Total**
Funds Under Management - 30 Jun 2023	**$56**	**$55**	**$19**	**$217**	**$170**	**$518**
Funding	148.0	-	-	-	-	148
Personnel	(86)	(9)	(2)	(1)	-	(98)
Travel & Meetings	(17)	(1)	(0)	(0)	-	(17)
Professional Services	(31)	(11)	(0)	(1)	-	(43)
Administration	(19)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Cost Savings Initiatives	6	-	-	-	-	6
Total Expenses	(148)	(22)	(2)	(2)	-	(174)
Board-Approved Transfers:						
Operating Fund Excess to SFICR	(20)	-	20	-	-	-
SFICR to fund Next Round until Jun 2024	-	13	(13)	-	-	-
Investment Income/(Decline)	0.4	0.5	0.2	2.2	1.7	5
Funds Under Management - 30 Jun 2024	**$37**	**$47**	**$24**	**$217**	**$172**	**$497**
Average FTE	**407**	**34**	**7**	**4**	**-**	**451**
End of Period FTEs	**410**	**43**	**5**	**4**	**-**	**462**

Please note the following about the table above:
- ICANN Operations includes the day-to-day funding and expenses and is funded by the Operating Fund.
- New gTLD Program includes work on the New gTLD Program: 2012 Round and New gTLD Program: Next Round.
- Supplemental Fund for Implementation of Community Recommendations (SFICR) Projects consist of the implementation of prioritized Specific Review recommendations, and the Registration Data Request Service (RDRS).
- Grant Program is funded by Auction Proceeds.
- All funds assume modest investment gains.
- Full-Time Equivalents (FTEs) are defined in the Glossary.

The table above starts with funds under management and the beginning balance of each segment's fund as of 30 June 2023, which is the end of FY23. Based on four months of actual data and eight months of estimates in FY24, the following lines of the table show the funding and expenses of each segment as it relates to activities in FY24. Board-approved transfers that occurred or are projected to occur in FY24 are detailed below. ICANN org is now investing most of its funds under management and has forecasted a positive return for each fund depending on its investment criteria. The result of these activities shows the ending balance of each fund as of 30 June 2024, which is the end of FY24.

Please see below for additional details regarding each entity and its corresponding fund.

ICANN Operations
- Funding is $148 million, which reflects historical data from the past few years as well as negative impacts resulting from recent economic conditions.
- Expenses are $148 million, balanced to ICANN Operations funding.
    - Personnel expense reflects an average headcount of 407 in ICANN Operations.
    - Travel and meeting expense assumes three face-to-face ICANN Public Meetings.
    - Total expenses include contingency.

New gTLD Program
- Expenses are $22 million.
    - $4 million is related to the 2012 Round, including direct expenses and allocations from ICANN Operations.
    - $17 million is related to Next Round implementation, including direct expenses and allocations from ICANN Operations.

SFICR Projects
- Beginning balance is $19 million, following review implementation activities that took place in FY23 costing $2 million, partially offset by Investment Income of $1 million.
- Expenses are $2 million.
  - Review Implementation expenses are $1 million, including direct expenses and allocations from ICANN Operations.
  - Registration Data Request Service expenses are $1 million, including direct expenses from ICANN Operations.
- Board-approved transfers in FY24:
  - $20 million transfer to the SFICR from the Operating Fund.
  - $13 million transfer out of the SFICR to fund the New gTLD Program: Next Round.
- Ending balance is $24 million.

Grant Program
- Beginning balance is $217 million, following the launch of the Grant Program in FY23 costing $0.5 million and investment income of $7 million.
- Expenses are $2 million, fully offset by investment income.
- Ending balance is $217 million.

Reserve Fund
- Ending balance is $172 million, following modest projected investment income in FY24.

9.4 Caretaker Budget

Article 6, Section 6.2 of the [ICANN Bylaws](#), Powers and Acknowledgements, defines the powers and rights attributed to the Empowered Community. One of those powers follows: "(iii) Reject ICANN Budgets, IANA Budgets, Operating Plans as defined in Section 22.5(a)(i), and Strategic Plans as defined in Section 22.5(b)(i)."

After approval by the Board, the IANA and ICANN Budgets each come into effect after giving time for the Empowered Community to consider whether it will raise a petition to reject either Budget. This is typically a 28-day period that includes 21 days to raise a petition and seven days to achieve support. Therefore, even when no petition is raised against the Budget, there is a 28-day waiting period for the Budget to go into effect.

If the Board approves either the IANA Budget or the ICANN Budget for the next fiscal year with less than 28 days remaining before that fiscal year begins, then a Caretaker Budget must be drafted. Under the ICANN Bylaws, there is both a Caretaker ICANN Budget and a Caretaker IANA Budget described at Annexes E and F, respectively. The respective Budgets:

- Must go into effect if the ICANN Budget or IANA Budget at issue cannot come into full force at the beginning of a fiscal year.
- Remain in effect during any Empowered Community Petition Process, if initiated.
- Continue to be in effect until the Budget at issue is approved by the Board and not rejected by the Empowered Community.

The following steps are a pragmatic approach to define the ICANN or IANA Caretaker Budget:

- Use the Operating Plan and Budget that the ICANN Board approved as a base, while respecting the principles of the Caretaker Budget:
  - Suspend the publication of any new positions for hire effective from the date of the rejection by the Empowered Community (the veto date) until a new Budget is approved by the Board.
  - Reduce by 10 percent the total allowed expenses for the following categories for the period starting on the date of rejection by the Empowered Community until a new Budget is adopted by the Board and not rejected by the Empowered Community, using the monthly breakdown of the Board-approved Budget:
    - Travel and Meetings.
    - Professional Services.
  - Exclude any expense directly associated with the reason for which the Empowered Community rejected the Budget, if such expense can reasonably be isolated and avoided.

10 Glossary of Terms

The following section explains the terms used to describe the fundamental elements of this document. For additional references, please visit the [Acronyms and Terms feature on ICANN.org](#).

10.1 General Budget Terms

Budget
The Budget is a financial estimate for ICANN activities throughout the fiscal year, which begins 1 July and ends 30 June of the following calendar year. The Budget includes estimates for funding and expenses that enable ICANN to carry out its mission. Budget documents are published twice per planning cycle: as a "Draft" in December and after the Board approves the "Adopted" in April or May of the following year.

Forecast
Like the Budget, a Forecast is a financial estimate at a point in time. A Forecast is usually meant to be a future iteration of the Budget in light of actual events that have occurred and new information or assumptions regarding future events.

Total ICANN
Total ICANN describes the financial components of ICANN Operations (including IANA), the New gTLD Program 2012 Round, the New gTLD Program Subsequent Procedures, the Grant Program, and Reviews Implementation Prioritization. It also includes ICANN's funds under management.

ICANN Operations
ICANN Operations consist of the ongoing activities performed to coordinate the Internet's technical functions such as the technical coordination, including the allocation and assignment of names in the root zone, of the domain name system (DNS), facilitation of the coordination of the operation and evolution of the DNS root name server system, and the coordination of the unique identifiers and codes that keep the DNS running smoothly. In addition, ICANN Operations include the coordination of the development and implementation of policies concerning the registration of second-level domain names in generic top-level domains (gTLDs) and contractual compliance, along with all of the services needed to keep these activities operational. These activities include the development of policies designed to maintain the security, stability, and resiliency of the DNS.

New gTLD Program
New gTLD Program consists of the New gTLD Program: 2012 Round and New gTLD Program: Next Round.

New gTLD Program: 2012 Round
The New Generic Top-Level Domain Program 2012 Round (New gTLD Program: 2012 Round) is implemented by ICANN org to enable the expansion of the DNS. The New gTLD Program: 2012 Round has made it possible for communities, governments, businesses, and brands to apply to operate a gTLD registry, the database of all domain names registered in a top-level domain. The New gTLD Program: 2012 Round aims to enhance innovation, competition, and consumer choice.

New gTLD Program: Next Round
The New gTLD Program: Next Round (Next Round) is the first round of the New gTLD Program since the 2012 Round, which was designed to produce a systemized and ongoing mechanism for applicants to propose new generic top-level domains. The Next Round is a community-driven initiative enabling the continued expansion of the DNS through the introduction of new gTLDs. Among other goals, the program aims to foster diversity, encourage competition, and enhance the utility of the DNS. The Next Round will give businesses, communities, and others the opportunity to apply for new top-level domains tailored to their community, culture, language, business, and customers. The Next Round will also offer opportunities to create a more multilingual and inclusive Internet for the billions of people who speak and write in different languages and scripts and are yet to come online.

Public Technical Identifiers
Public Technical Identifiers (PTI) is a nonprofit organization and affiliate of ICANN that was created in 2016. ICANN org has delegated the performance of most of the Internet Assigned Numbers Authority (IANA) functions to PTI pursuant to contracts and sub-contracts with PTI. The IANA functions include maintenance of Internet number resources, management of the DNS root zone, and other operational aspects of coordinating the Internet's unique identifiers.

SSR Initiatives
Security, Stability, and Resiliency (SSR) Initiatives focus on the commitment to enhance the operational stability, reliability, resiliency, security, and global interoperability of the systems and processes, both internal and external, that directly affect or are affected by the Internet's system of unique identifiers that ICANN coordinates.

10.2 Financial Terms

Funding

Funding for ICANN org is similar to revenue at a for-profit company. ICANN org receives most of its funding from its contracted parties in the form of transaction fees for registrations, renewals and transfers of domain names, as well as fixed fees. In addition, contributions and sponsorships at ICANN Public Meetings make up a small share of the organization's funding. All funding is used to carry out ICANN's Mission to ensure the stable and secure operation of the Internet's unique identifier systems. The funding categories below are the sources of ICANN org's funding.

Funding Categories:

Transactions

ICANN org receives transaction fees for registrations, renewals, and transfers of domain names. Transactions are generally categorized as coming from Legacy TLDs or New gTLDs. Transactions must meet a minimum criterion to be considered billable. Transactions fees are billed for quarterly.

Registry Fixed Fees

Registry Operators pay a fixed fee to ICANN org, which is billed for quarterly.

Registrar Accreditation Application Fees

New registrars can apply to be an accredited registrar with ICANN. Funding is received as applicants apply and is used to cover processing expenses.

Registrar Accreditation Fees

ICANN-Accredited Registrars pay a fixed fee to ICANN org and have the choice to be billed annually or four times per year. Billing dates depend on when the registrar became accredited.

RIR Contribution

Regional Internet Registries (RIR) provide an annual contribution to ICANN org.

ccTLD Contributions
Country code top-level domain (ccTLD) registries make voluntary contributions to ICANN org.

Meeting Sponsorship/Other
This category includes sponsorships for events such as ICANN Public Meetings, and other miscellaneous funding or income.

In the Budget document, expenses incurred to support ICANN org's mission are often represented with the cost categories below.

Expense Categories:

Personnel
Personnel expenses represent the expenses for all personnel inclusive of standard of living increases, promotions, and health and benefits costs. Careful management of resources has kept the headcount at ICANN org stable and consistent with the Budget. Requests to create new positions or fill existing vacant positions must be approved by the ICANN President and CEO, the SVP, Planning and CFO, and the SVP, Global Human Resources. This rigorous process allows the organization to strategically evaluate each new hire, controlling headcount growth and ensuring proper allocation of resources. In regard to new hires, ICANN org budgets as a whole organization for headcount growth. The new hire figure is represented as a whole and not allocated out to the functional activities.

Travel and Meetings
Approximately 50 percent of ICANN org's travel and meetings costs support hosting three ICANN Public Meetings a year. Other travel and meetings costs are for travel of personnel to various engagement and non-ICANN meeting events and to support community outreach and engagement.

Professional Services
Generally, about 50 to 60 percent of ICANN org's professional services expenses are related to consulting and temporary staffing services. The largest vendors in this category are engineering and information technology resources that are outsourced due to the changing technical needs of the organization and the lower cost of off-shore resources. About 15 percent is legal services for such items as contracted party agreements, accreditation matters, general advice, and litigation and dispute resolution. About 10 percent covers ICANN's language service needs, such as translation and transcription services related to ICANN Public Meetings. The remaining five to 15 percent of professional services is fragmented across various categories.

Administration
This cost category includes general and administrative expenses associated with ICANN activities, including rent, software licenses, business insurance, and IT support services. Administrative expenses exclude depreciation and bad debt.

Capital
Capital expenses cover purchases for net assets, usually for hardware expenses such as servers and computer equipment. In addition, if internal or external work is performed on a project that is considered an asset, such as a website, these "Personnel" and "Professional Services" costs are moved to "Capital" per the Generally Accepted Accounting Principles (GAAP).

Contingency
Contingency is a placeholder in a Budget or Forecast for unforeseen costs that may occur throughout the fiscal year.

Other categories:

Net Excess/(Deficit)
Net Excess/(Deficit) represents the difference between funding and operating expenses. Net Excess, a positive number, indicates that funding was greater than operating expenses. Net Deficit, a negative number usually shown with parentheses, indicates that expenses were greater than funding.

Full-Time Equivalents
Full-Time Equivalents (FTEs) is a unit that indicates the level of employee resources towards an organizational segment or project. Reporting using FTEs allows organizations to compare levels of resources. For example, a segment with 1.0 FTEs is equivalent to one full-time employee dedicated to that area, while a segment with 0.5 FTEs signals half of a full workload.

Average FTEs refer to the average number of FTEs throughout the fiscal year. End of Period FTEs refer to the number of FTEs at the end of the fiscal year (i.e., as of 30 June).

Cost Savings Initiatives
ICANN org will often plan to perform cost savings initiatives to achieve a balanced Budget. Because the Budget is done so far in advance, these initiatives are not allocated to specific expense categories but may include reprioritizing activities or negotiating lower costs versus budget.